

VZCZCXRO0898  
RR RUEHAG RUEHBC RUEHDE RUEHDF RUEHIK RUEHKUK RUEHLZ RUEHROV  
DE RUEHLB #0921/01 1751129  
ZNR UUUUU ZZH  
R 231129Z JUN 08  
FM AMEMBASSY BEIRUT  
TO RUEHC/SECSTATE WASHDC 2312  
INFO RUEHEE/ARAB LEAGUE COLLECTIVE  
RUCNMEM/EU MEMBER STATES COLLECTIVE  
RHEHAAA/NSC WASHDC  
RUEATRS/DEPT OF TREASURY WASHDC  
RUCPDOG/USDOC WASHDC

UNCLAS SECTION 01 OF 02 BEIRUT 000921

SIPDIS

STATE FOR NEA/ELA  
STATE PASS USTR  
TREASURY FOR MNUGENT AND SBLEIWEISS  
USDOC FOR 4520/ITA/MAC/ONE  
NSC FOR ABRAMS/SINGH/YERGER/DEMOPOLOUS

E.O. 12958: N/A

TAGS: [ECON](#) [EFIN](#) [PREL](#) [PGOV](#) [LE](#)

SUBJECT: LEBANON: CENTRAL BANK FOREIGN CURRENCY ASSETS REACH RECORD  
HIGH (ECONOMIC WEEK IN REVIEW, JUNE 16 - 22, 2008)

CONTENTS

-----  
-- CENTRAL BANK FOREIGN CURRENCY ASSETS REACH RECORD HIGH  
-- HIZBALLAH WELL UNDERWAY IN POST-JULY 2006 WAR RECONSTRUCTION  
PROCESS  
-- NEW START-UP FUND ESTABLISHED FOR HIGH-TECH GROWTH FIRMS  
-- BEIRUT IMPROVES IN 2008 QUALITY OF LIVING SURVEY  
-- GOL WANTS TO PRIVATIZE THE BEIRUT STOCK EXCHANGE  
-- WORLD BANK FORECASTS 3.5 PERCENT GROWTH IN 2008

CENTRAL BANK FOREIGN CURRENCY  
ASSETS REACH RECORD HIGH  
-----

¶1. (U) The Central Bank of Lebanon (CBL) mid-June balance sheet showed that CBL foreign currency assets rose by about \$188.15 million from end May, reaching a record high \$14.66 billion. This is mostly attributed to increased commercial banks' deposits with the CBL, as well as CBL intervention in the foreign exchange market as a buyer of excess dollars.

HIZBALLAH WELL UNDERWAY IN POST-JULY 2006  
WAR RECONSTRUCTION PROCESS  
-----

¶2. (U) Hizballah reconstruction and development association Jihad Al Bina has so far rehabilitated 945 buildings out of 980 buildings that were damaged in Beirut's southern suburbs during the July 2006 war with Israel, Arab nationalist As-Safir reported on the occasion of Jihad Al Bina's 20th anniversary. Jihad Al Bina also paid housing compensation to over 17,500 families whose apartments were completely demolished, as well as compensation for the rehabilitation of approximately 120,000 housing units, while it repaired the common parts (entrance, stairs, and roofs) in damaged buildings, the article said.

NEW START-UP FUND ESTABLISHED  
FOR HIGH-TECH GROWTH FIRMS  
-----

¶3. (U) On May 30, the first technology incubator in Lebanon Berytech launched Berytech Fund, a start-up fund targeting the Lebanese information and communication technology (ICT) sector. With over \$6 million under management, the fund aims at injecting \$100,000 to \$1.2 million in selected high-tech growth firms. So far, Lebanese banks, corporations, universities and local NGOs have invested in the fund.

BEIRUT IMPROVES IN 2008

#### QUALITY OF LIVING SURVEY

-----

14. (U) According to Mercer Human Resource Consulting's annual quality of life survey, Beirut ranked 171 out of 215 most desirable cities for overall living standards, and 15 out of 21 MENA cities. This represented a slight improvement from the 2007 survey, where Beirut ranked 179 worldwide and 18 in the MENA region. The survey evaluates cities on the basis of 39 quality-of-living factors grouped in ten categories including political, economic, and socio-cultural factors, environment, housing, recreation, health care, education, transportation, and other public services.

#### GOL WANTS TO PRIVATIZE THE BEIRUT STOCK EXCHANGE

-----

15. (U) Finance Minister Jihad Azour stressed that the GOL is determined to provide a greater protection to investments and insisted on the need to reactivate privatization. He also mentioned that the "GOL is serious about privatizing the Beirut Stock Exchange." Azour indicated that parliament's endorsement of legislation submitted by the Siniora Cabinet between July 2005 and June 2006 will impact positively economic conditions in Lebanon. Among these proposed laws, Azour mentioned legislation on offshore companies, insurance companies, commercial law, fiscal system, and the modernization of capital markets. Azour was speaking to Kuwaiti daily Awan.

#### WORLD BANK FORECASTS 3.5 PERCENT GROWTH IN 2008

-----

BEIRUT 00000921 002 OF 002

16. (U) The World Bank's recently published Global Development Finance Report for 2008 projected a 3.5 percent growth in 2008 as a result of the political consensus reached in Doha in May 2008. The report forecast growth on an upward trend in the long run as domestic conditions continue to improve, reaching 4.5 percent in 2009 and 5 percent in 2010. The report also indicated that foreign direct investments (FDI) flows reached \$1.8 billion and remittances \$5.5 billion in 2007. As a result, the current account deficit is estimated at 5.2 percent of GDP in 2007, and is anticipated to widen in 2008 reaching 11.4 percent of GDP, and falling slightly to 10.5 percent in 2009 and 9 percent in 2010.

SISON